Flash Note

Monday, 21 October 2019

Cements

Fauji Cement Company Limited (FCCL)

Lesser dispatches, lower retention prices and inflated costs push down 1QFY20 EPS by 63%YoY to PKR 0.21

- Fauji Cement Company Limited (FCCL) announced its financial results for 1QFY20 with earnings clocking in at PKR 293mn (EPS: PKR 0.21), down by 63%YoY, as compared to PKR 801mn (EPS: PKR 0.58) reported in the same period last year.
- Net sales of the Company during FY19 dropped by 21%YoY, largely due to drop in dispatches made during the period and a material fall in domestic retention prices in the North region driven by intense competition.
- Gross margins of the Company during 1QFY20 declined by ~1300bps to 14%, largely due to lower retention prices and substantial increase in cost structure of the company driven by 28%YoY PKR devaluation, rise in energy costs of the Company and mounting inflationary pressures.

Exhibit: Fauji Cement Company Limited (FCCL) Financial highlights

Period end (Dec) - PKRbn	1q'20	2019	4q'19	3q'19	2q'19	1q'19	2018	4q'18	3q'18	2q'18	1q'18	2017
Net Sales	4,243	20,798	5,154	5,213	5,089	5,342	21,161	5,347	5,546	5,475	4,794	20,423
Cost of sales	3,652	15,475	3,977	4,115	3,460	3,923	16,046	3,961	4,045	4,039	4,001	15,986
Gross Profit	591	5,323	1,177	1,098	1,629	1,419	5,115	1,386	1,500	1,435	793	4,438
Sales Growth %	-21%	-2%	-4%	-6%	-7%	11%	4%	15%	0%	-6%	9%	2%
Gross Margin %	14%	26%	23%	21%	32%	27%	24%	26%	27%	26%	17%	22%
Selling & Distribution	162	626	148	165	139	174	662	196	171	180	115	506
Other Op. Income	30	148	27	38	76	7	104	32	37	23	12	443
EBIT	429	4,519	985	906	1,460	1,168	4,246	1,139	1,276	1,186	645	4,083
EBIT Margin %	10%	22%	19%	17%	29%	22%	20%	21%	23%	22%	13%	20%
Financial Charges	28	107	32	22	24	30	148	27	47	42	32	153
Profit Before Taxation	402	4,412	953	884	1,436	1,139	4,098	1,112	1,229	1,144	613	3,930
Taxation	109	1,588	569	267	414	338	669	(196)	375	321	169	1,317
Effective Tax Rate	27%	36%	60%	30%	29%	30%	16%	-18%	30%	28%	28%	34%
Profit After Tax	293	2,824	384	616	1,023	801	3,429	1,307	854	824	444	2,613
Net Margin (%)	7%	14%	7%	12%	20%	15%	16%	24%	15%	15%	9%	13%
PAT Growth YoY	-63%	-18%	-71%	-28%	24%	80%	31%	104%	28%	19%	-27%	-51%

EPS	0.21	2.05	0.28	0.45	0.74	0.58	2.49	0.95	0.62	0.60	0.32	1.89
DPS	-	1.50	0.75	-	0.75	-	2.00	1.00	1.00	-	-	0.90

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